

Sustainability Report 2024



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MESSAGE FROM CEO



"Our commitment to responsible business practices continues to guide our actions across the value chain — internally and externally."

2024 was a year marked by both challenges and opportunities for Sunfab. While the economic downturn continued to impact our industry, we delivered a strong result. Throughout the year, we maintained our focus on value creation and long-term sustainability. Our commitment to responsible business practices continues to guide our actions across the value chain — internally and externally.

Employee safety and wellbeing remain a strategic priority. We have worked systematically to improve our health and safety work and are proud to have achieved ISO 45001 certification, the international standard for occupational health and safety. This certification confirms our commitment to providing a safe and secure workplace and is an important response to the growing expectations around social responsibility.

Our customer's expectations are increasing, particularly in relation to compliance with EU regulations on restricted substances and import controls from outside Europe. We have responded by strengthening our internal expertise and improving communication, ensuring that we continue to meet regulatory requirements and customer demands.

Our supplier relationships also remain in focus. We prioritize local suppliers who share our commitment to sustainability. By setting clear expectations and engaging in close collaboration, we reduce our environmental impact and contribute to a more sustainable supply chain. Our updated purchasing policy supports this work, ensuring that procurement is sustainable, quality-assured, and cost-effective — aligned with our business strategy and long-term goals.

As we look ahead to 2025, we remain committed to strengthening our focus in these areas. We will continue to safeguard the health and safety work, meet evolving customer and regulatory requirements, and further develop a sustainable supply chain. These efforts are essential as we shape the future of hydraulics — sustainably.

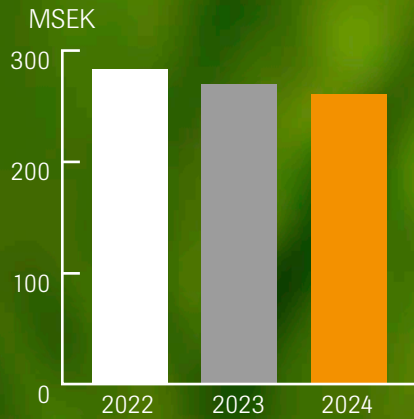
A handwritten signature in blue ink that reads "Marie Nilsson". The signature is written in a cursive, flowing style.

Sincerely,

Marie Nilsson, CEO Sunfab Hydraulics AB

Revenue 2024

260 MSEK



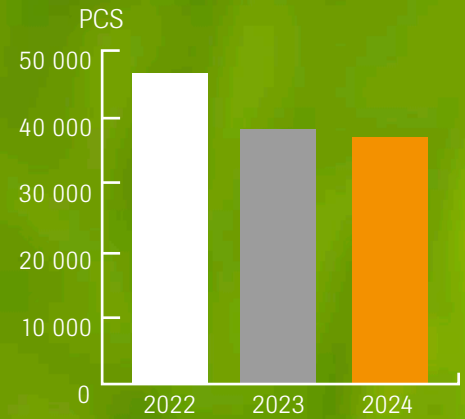
Balance sheet total 2024

246 MSEK



Total units sold 2024

36 931



Head office and production



Hudiksvall

Subsidiaries



Great Britain, France, Germany, Spain, the USA and Malaysia

Key markets



Nordic countries, Europe, Asia and North America

Vision

Together we create the future of hydraulics

SUSTAINABLE SUNFAB



The heart of the hydraulic system

Sunfab Hydraulics AB is a family-owned company, now in the hands of its third generation of owners. We develop, produce and sell system components for the operation of hydraulic equipment in mobile hydraulics. We consider our products to be the heart of the hydraulic system.

Our hydraulic pumps are primarily used on trucks to power hydraulic add-on equipment such as forestry or cargo handling cranes, tipper bodies, and hooklifts.

Our hydraulic motors are used to drive various hydraulically powered rotating equipment such as fans, asphalt or stump grinders, winches, and saws. These motors can be installed on vehicles and equipment used both on-road, off-road, and in marine applications.

Global Presence

The parent company is headquartered in Hudiksvall, Sweden, where the products are developed, manufactured, and distributed to customers. Within the group, there are wholly owned subsidiaries in Germany, France, the United Kingdom, Spain, the United States, and Malaysia. The subsidiaries' operations include procurement and sales.

Sunfab's financial position is to remain strong in order to maintain the flexibility to make long-term business decisions. The consistently positive financial performance over the years is a testament to the long-term economic value created by Sunfab's operations.

FROM SKIS TO HYDRAULICS



Sunfab's founder, Eric Sundin, established a ski factory in the rural community of Arbrå in 1925, named Sundins Skidor. After a fire in the factory buildings in 1927, the company was moved from Arbrå to Hudiksvall. But the company quickly outgrew its new premises, necessitating another move. This time, the factory was relocated within the town to Varvet at Hudiksvall's harbor, where the business still operates today.



Eric was an innovative person, constantly working on new inventions. As the use of hydraulics in ski production increased and their expertise grew, Eric Sundin, together with the builder Einar Frisk, founded the company Hydrauliska Industriaktiebolaget – Hiab. One of the greatest inventions came in 1947 when they created the world's first mobile hydraulic crane.

In the following years, product development continued, and soon new technology was needed to increase the performance of the cranes. In 1952, Eric founded a company dedicated to the development of hydraulic products, named Sunfab. Two years later, Sunfab created its first hydraulic piston pump for trucks. Parallel to the development of Sunfab and Hiab, Sundins Skidor remained in operation. In the 1960s, Sundins Skidor was one of the world's largest ski manufacturers. However, managing all the companies became overwhelming for one family, and in 1965, Hiab was sold to an investment company.

In the 1980s, competition from ski manufacturers across Europe increased, resulting in the closure of Sundins Skidor in 1989. However, the business for the hydraulic pump flourished, and in the early 1990s, Sunfab was renamed Sunfab Hydraulics AB. The recognised SC pump was developed, and a hydraulic motor was also introduced. At that time, about 8,000 pumps were delivered annually.

Today, Sunfab is a well-known brand, with approximately 90 percent of production being exported to around 60 countries worldwide. Production is now about 50,000 pumps and motors annually. A new production facility was inaugurated in 2006, located right next to the old ski factory. For Sunfab, it is important to be a local manufacturing company. This is a guiding principle we carry with us in our work towards continued development and new innovations.

OUR CUSTOMERS



Our customers

We provide our customers with high-quality products, carefully engineered for long service life and reliable operation. To demonstrate our commitment and responsibility, we offer warranties to ensure that our products deliver strong performance, meet expected functionality, and are designed to require minimal maintenance and consumables.

Our customers primarily consist of equipment distributors and manufacturers of mobile systems, such as OEMs, crane manufacturers, and bodybuilders. We also sell directly to end customers. Sunfab's key markets include the Nordics, Europe, Asia, and North America. We do not engage in business relationships that violate principles such as human rights, anti-corruption policies, trade embargoes, or compliance with laws and regulations.

We are regularly evaluated by our customers as a supplier. Larger customers often use web-based evaluation tools to assess our sustainability performance, which we both appreciate and encourage. This enables us to engage in constructive dialogue to better meet our customers' needs.

Customer Focus on Regulatory Compliance

We have seen a rise in customer inquiries regarding our compliance with new EU regulations on restricted substances in our products. These questions have primarily concerned our adherence to the RoHS, REACH, and POPs regulations, which aim to limit the use of hazardous substances. In response, we have strengthened our internal expertise to provide clearer and more accurate answers to customer requests.

This development highlights the growing importance of transparency and proactive work with product safety — both of which are key pillars of our sustainability efforts. So far, these requests have come exclusively from our European customers. Notably, we are also seeing smaller customers increasingly challenge us on sustainability topics, reflecting a broader shift in expectations.

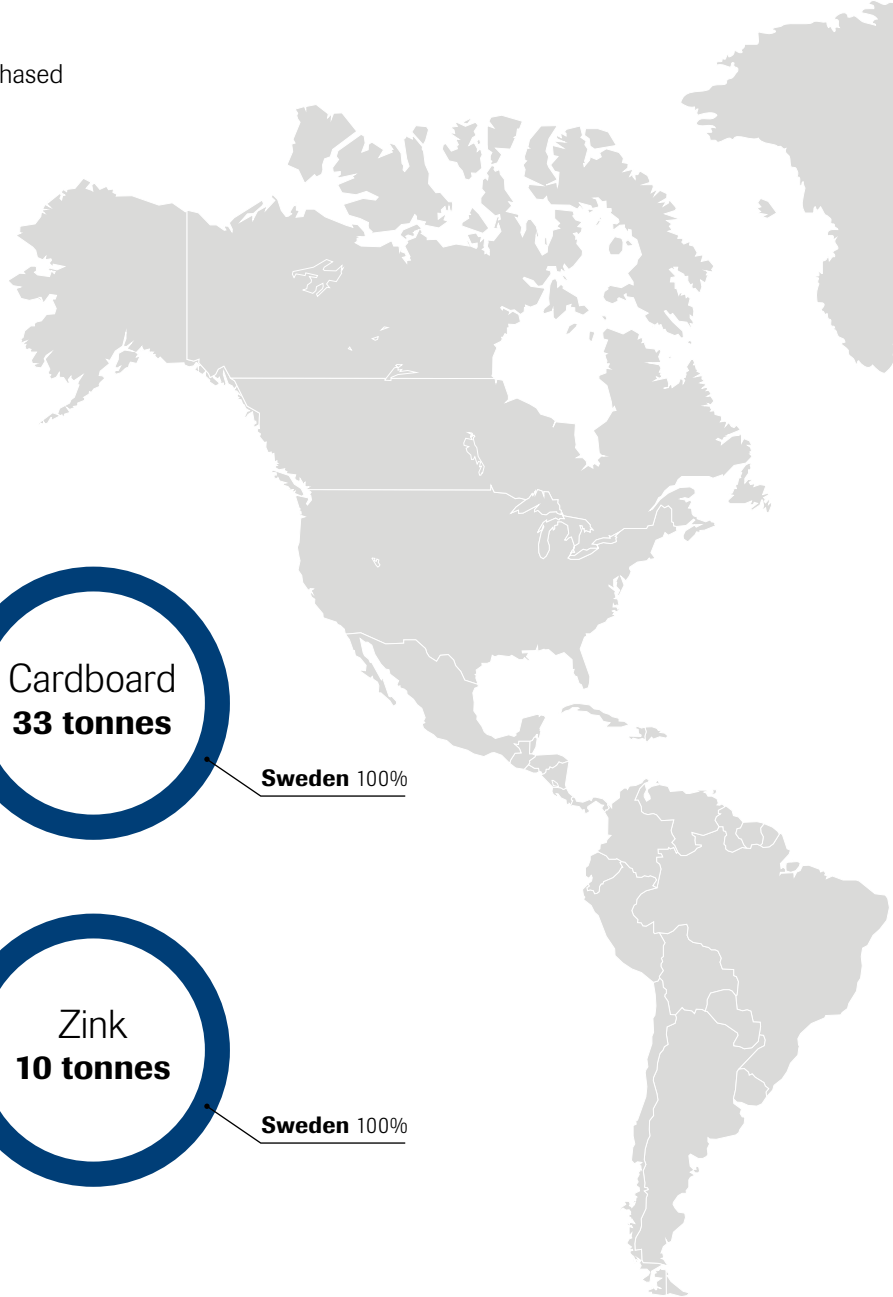
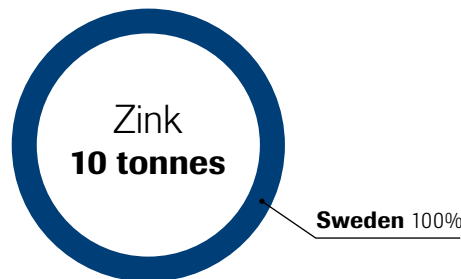
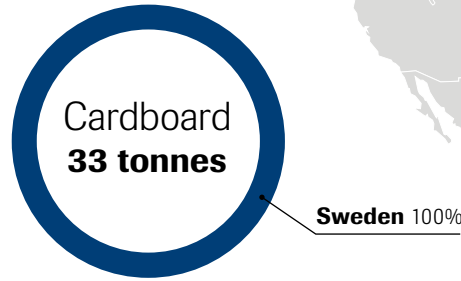
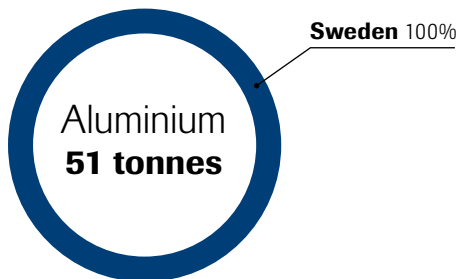
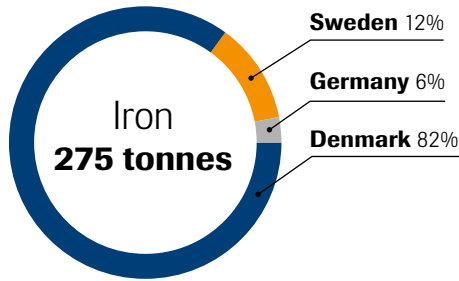
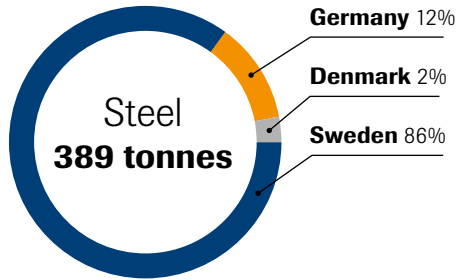
Stronger Sustainability Messaging

Over the past year, we have increased our efforts to communicate our sustainability commitment to customers. We have made our sustainability report more visible at trade fairs and actively highlighted our work in this area. To ensure consistent messaging, we have trained our booth staff on the content of the report. This has resulted in a more aligned message and a stronger presentation of our sustainability work.

OUR SUPPLIERS

PURCHASED MATERIALS

The pie charts show the quantities of raw materials purchased and the geographical distribution of the suppliers.

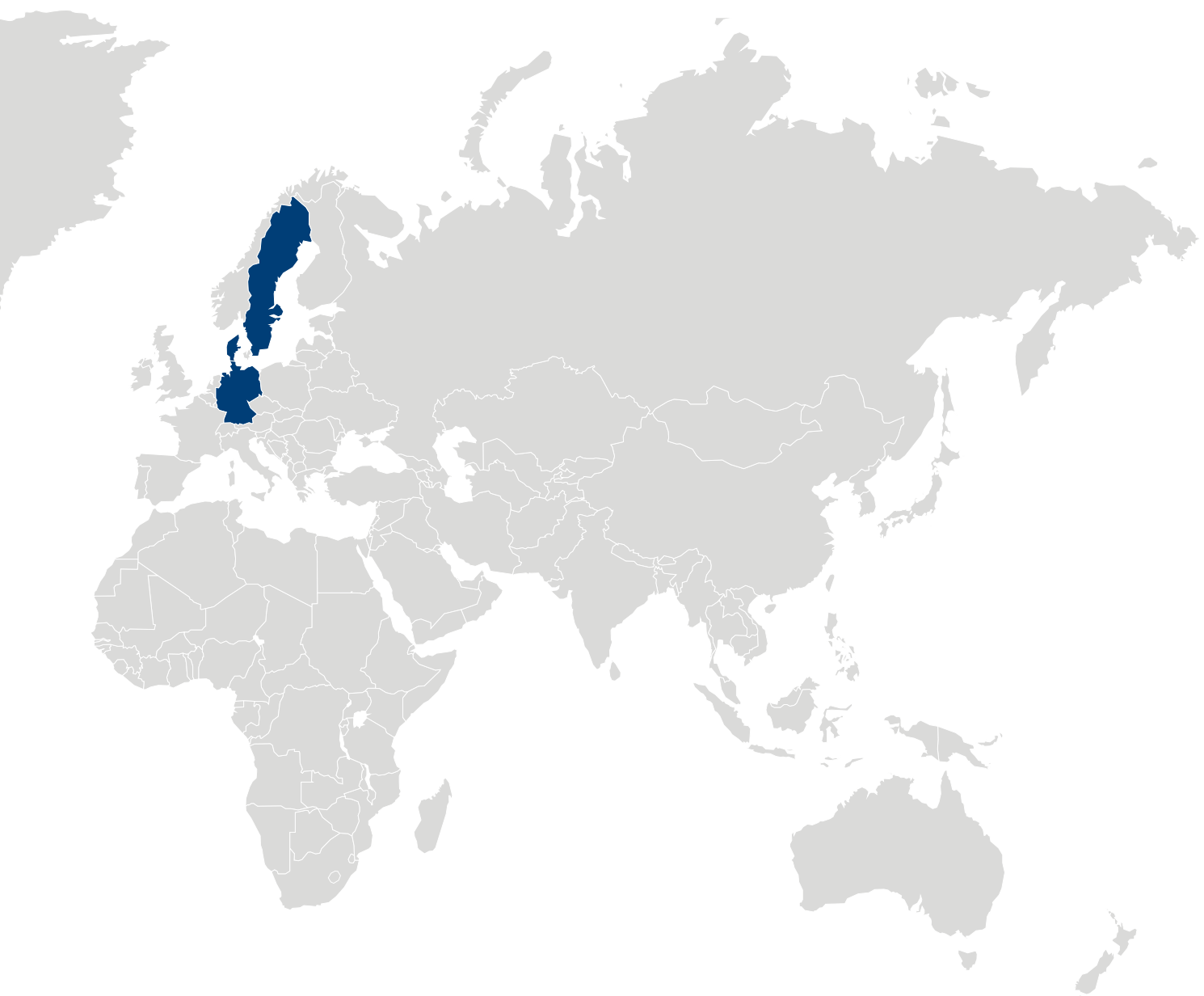


Suppliers are a key stakeholder in our operations. A good dialogue with our suppliers ensures not only high delivery reliability but also strengthens knowledge around sustainability issues. We take responsibility for the services and products delivered to us. Therefore, we place requirements on our suppliers and ensure that they comply with them. Sunfab's purchasing process, Supplier Code of Conduct, and applicable legislation guide and steer how we carry out our procurement and purchasing.

All of our production takes place in Sweden, and we primarily source raw materials from the Nordic region and Europe. To ensure that violations of, for example, human rights or labor rights do not occur, we require our suppliers to accept our Supplier Code of Conduct when purchasing products and services. This

Code is based on the ten principles of the UN Global Compact. Suppliers are also expected to pass these requirements on within their own supply chains. During the year, we have had no incidents of corruption and have not terminated any contracts with suppliers.

Sunfab's purchasing strategy is to keep the supplier base as geographically close to our production as possible. Our material procurement is illustrated in the accompanying figure and demonstrates that we follow our strategy of using nearby suppliers. Proximity brings advantages in both delivery reliability and in meeting sustainability goals. Transport distances are reduced, and suppliers are subject to the same regulations and sustainability initiatives under the EU Green Deal.



Each year, around ten existing suppliers — representing approximately 80 percent of our total purchasing value — are audited. In 2024, eleven supplier evaluations were conducted. In addition to traditional criteria such as financial stability, deliveries, and quality, these evaluations also include sustainability criteria. Suppliers must, among other things, demonstrate systematic quality and environmental work in accordance with ISO 14001 and ISO 9001.

New suppliers are evaluated before any collaboration begins. Suppliers of direct materials undergo a more extensive assessment conducted on-site before approval. Sustainability is also a part of this evaluation and has become an increasingly decisive factor in supplier selection. No new suppliers were evaluated or registered during 2024.

During the year, both the routine and the template for supplier evaluations have been revised. At the same time, work began on establishing and implementing a purchasing policy. By defining clear guidelines and rules for the purchasing process, we ensure that our procurement is conducted in a sustainable, quality-assured, and cost-effective manner, in line with our business strategy and long-term sustainability goals.

MANAGEMENT SYSTEM



Certified Management System

In 2024, our management system certification was extended to include ISO 45001, alongside our existing ISO 9001 and ISO 14001 certifications. This demonstrates that our structured approach to quality, environmental, and occupational health and safety management now meets international standards and is subject to regular external audits.

Our Quality and Environmental Policy outlines how we steer the organization towards reducing environmental impact and ensuring high quality in the products we deliver. Our Occupational Health and Safety Policy confirms that the working environment in our operations must be safe and secure – no one should suffer from ill health or be injured due to their work. Our certificates are available on our external website.

Integrating sustainability efforts into our management system for quality, environment, and occupational health and safety is essential to ensure that sustainability is embedded throughout the entire organization.

External and Internal Audits

Audits are a cornerstone in our efforts to monitor and continuously improve our operations. Processes within our management system are audited both internally and externally according to an audit plan approved by senior management. In 2024, an external surveillance audit of ISO 9001 and ISO 14001 was conducted, along with a certification audit for ISO 45001.

All eight non-conformities reported during these audits were addressed and resolved within the specified timeframe. During the year, we developed our approach to internal audits. A new structure for conducting internal audits was established, with a clearer focus on auditing against the requirements of the standards. All internal auditors completed training to deepen their understanding of the standards, including the new requirements introduced by ISO 45001.

The focus of the 2024 internal audits was to assess how risk analyses are carried out within processes and how facts and corrective actions are managed. All six planned audits were conducted.



RISK MANAGEMENT



External Events and Risk Management

Events in the external environment can impact our operations both positively and negatively. They may provide opportunities to create greater value for our stakeholders or pose risks that affect stakeholders, the environment, our employees, or our financial performance.

The activities carried out at Sunfab — encompassing development, production, and sales — carry risks related to several aspects of sustainability. We consider these sustainability-related risks in both our strategic planning and daily operations.

As we are certified according to ISO 9001, ISO 14001, and ISO 45001, risk management is an integrated part of our operations — both at the strategic and operational level, as well as within individual projects. By defining structured processes and working methods to support our objectives with minimal disruptions, we have embedded risk management into our daily operations.

At a strategic and overarching level, the management team conducts an annual external and internal environmental analysis. This is followed by a SWOT analysis where strengths, weaknesses, opportunities, and threats are identified and prioritized. Extraordinary events are risk-assessed and managed separately when necessary, and action plans are developed to mitigate risks or sizing opportunities.

Our financial procedures are largely designed to control and minimize the company's financial risks. Rules for approvals and payments are governed by a tiered authorization structure and require approval from two individuals. Our anti-corruption and fraud policy outlines how we manage currency risks. In the budgeting process, sensitivity analyses with various scenarios are performed, along with planning of potential corrective actions in case of deviations.

In the environmental assessment, the company's significant environmental aspects are identified and evaluated. These are reviewed annually. Within the environmental area, risk assessments are carried out for all chemicals handled in the operations.

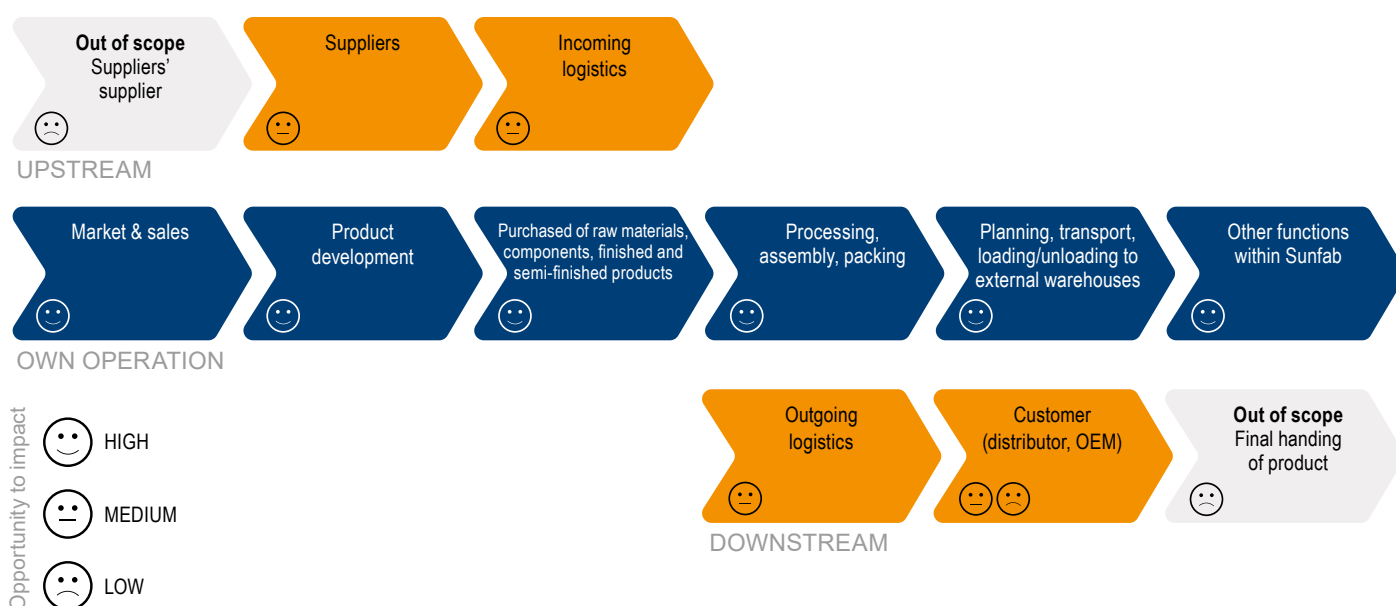
In the area of occupational health and safety, several methods are used to manage risks, including risk assessments, safety inspections, employee dialogues, and daily operational management. This work is followed up in biannual occupational health and safety meetings and quarterly by the health and safety committee.

MATERIALITY ANALYSIS

The materiality principle allows the company to choose which sustainability areas are prioritised and reported. To determine which sustainability aspects Sunfab should focus on, the first materiality analysis was conducted in the autumn of 2021. Sunfab's materiality analysis forms the foundation of the company's strategic sustainability work. It is based on two perspectives: what is important to stakeholders and what is crucial from Sunfab's business concept and company development standpoint. The analysis was carried out in three steps.

STEP 1: SUNFAB'S VALUE CHAIN

The value chain was mapped to identify how Sunfab impacts people, the environment, society, and the economy.

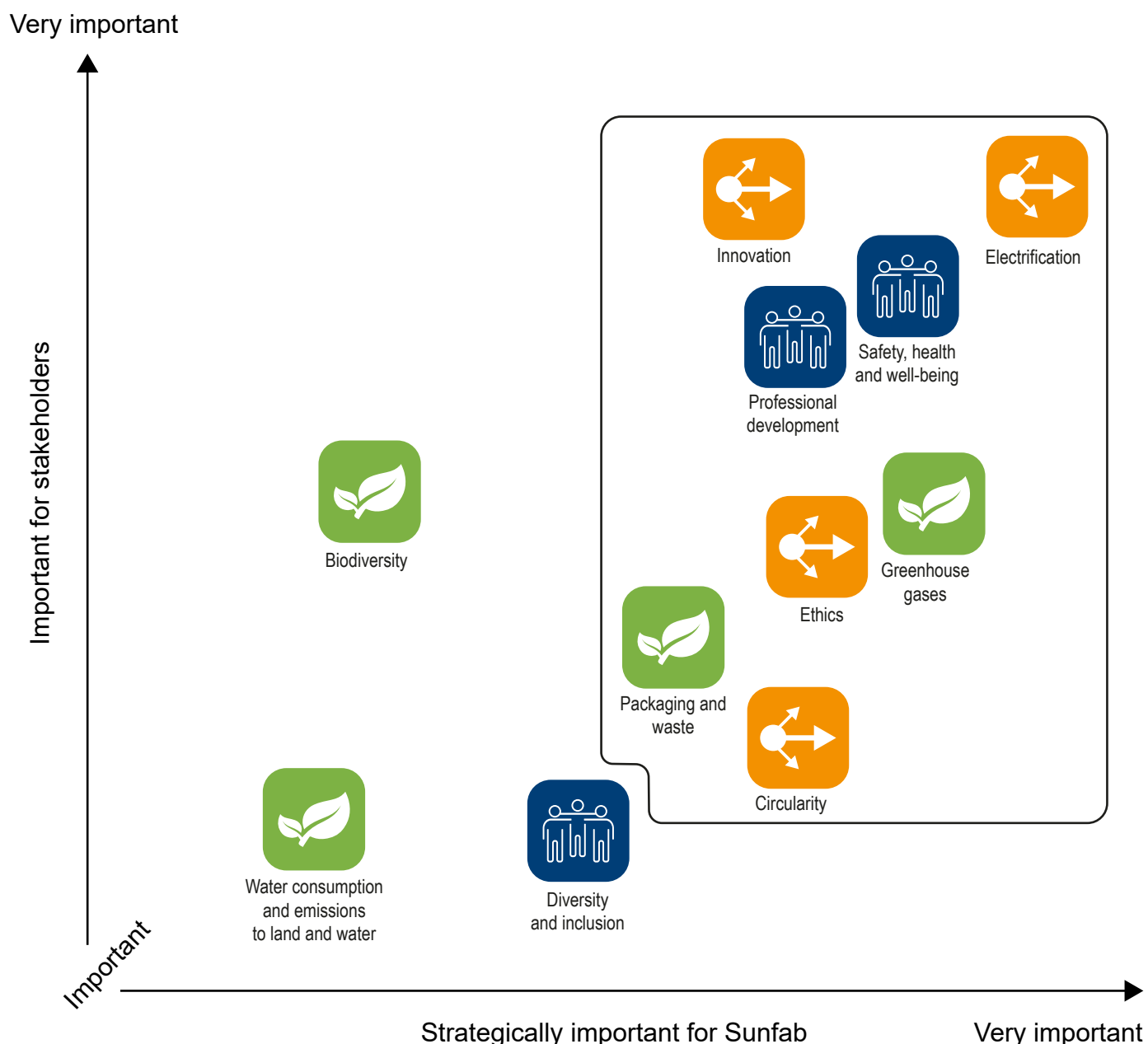


Our value chain extends from the suppliers' suppliers to the final handling of the product. For Sunfab, it is crucial to ensure respect for human rights and environmental responsibility at every stage of the value chain. However, in this initial phase, we have chosen to focus on our direct suppliers, our own operations, and our closest target customers. These segments of the value chain are covered in this sustainability report.

STEP 2: STAKEHOLDERS DIALOGUES

Understanding our stakeholders and their expectations of us is a key part of our sustainability work. In autumn 2021, stakeholder dialogues were held with selected customers, suppliers, employees, and owners. The stakeholders were asked to respond to approximately thirty questions, divided into twelve sustainability aspects, and tailored to each stakeholder group.

Stakeholder group	Question	Dialogue and selection
Customers	What expectations do customers have of us as a company?	A total of eleven customers and their responsible account managers were selected. We interviewed customers who were strong representatives of the company. The sales managers themselves participated in the selection process.
Suppliers	Level of maturity and how they work with sustainability.	Dialogue between a total of five suppliers and our responsible purchaser. The purchasers participated in the selection to find a group of suppliers that reflects the company's purchases.
Employees	How important is sustainability to them?	A survey was distributed to all employees in the Sunfab group. The response rate was 78%.
Owners	What expectations do they have of us as a company?	Dialogue between Sunfab's four main owners, sustainability coordinator, and the manager of quality, environment and business development.



STEP 3: ESSENTIAL SUSTAINABILITY ASPECTS

We combined the environmental analysis, stakeholder dialogue, and our prioritised strategic issues to formulate the company's key sustainability aspects in a materiality matrix. The matrix ranks the sustainability aspects from important to very important, based on their significance to us as a company and to our stakeholders. These aspects are divided into three focus areas: governance, environment, and social. Eight sustainability aspects have emerged as particularly important for both Sunfab and our stakeholders. The ethical aspect is considered in both governance and social areas. During the autumn 2023, the sustainability aspects were adjusted along the axis of Strategically important to Sunfab, resulting in a slightly different outcome compared to last year's materiality matrix. For instance, circularity has been added as a key sustainability aspect.

GOVERNANCE

Read more about how we address the governance aspects on pages 14-18.

- Ethics
- Innovation
- Circularity
- Electrification

ENVIRONMENT

Read more about how we address environmental aspects on pages 20-24.

- Packaging and waste
- Greenhouse gases

SOCIAL

Read more about how we address social aspects on pages 25-28.

- Safety, health and well-being
- Professional development

ETHICS



Our company and its representatives must always act in a businesslike and professional manner, in compliance with applicable laws and in accordance with high ethical standards. Sunfab shall conduct its operations in a way that eliminates any risk of being suspected of bribery, corruption, or other irregularities.

It is in the company’s best interest that any suspected misconduct is reported and investigated promptly. In 2024, no cases of misconduct were reported.

In addition to Sunfab’s Anti-Corruption and Misconduct Policy, several internal regulations, procedures, and working methods are in place to minimize opportunities for fraudulent behavior. These include authorization instructions, payroll controls, and a two-person rule for all financial transactions.

ESSENTIAL TOPIC: ETHICS	
	Corruption, Bribery, and Conflicts of Interest
Risk	Potential risks may arise in situations where employees, suppliers, or customers act in violation of Sunfab’s Code of Conduct and core values.
Desired position	Sunfab’s values of accountability guide our actions — both internally and externally.
Mitigation	Sunfab’s stance is outlined in our Anti-Corruption and Misconduct Policy, our internal Code of Conduct, the Supplier Code of Conduct, and our customer assessments. Corruption is also governed by the applicable laws of each respective country.
	Violations of Human Rights
Risk	In Sweden, the risk of human rights violations is low; however, indirect risks may arise through supply chains in high-risk countries, including issues such as freedom of association, fair wages, discrimination, and child labor.
Desired position	Sunfab’s values of accountability guide our actions — both internally and externally.
Mitigation	We impose social and ethical requirements during procurement of goods and services. We have a Supplier Code of Conduct in place, along with procedures for regular audits and follow-ups.

WE CHERISH RESPECT, COMMITMENT, AND PROFESSIONALISM IN OUR INTERACTIONS WITH ONE ANOTHER AND OUR CLIENTS.



Discrimination, Diversity and Human Rights

We do not tolerate any form of harassment, retaliation, bullying, or other physical or verbal acts of an offensive or discriminatory nature toward colleagues or business partners. In 2024, one case of offensive treatment was reported. An investigation was carried out in consultation with the parties involved, and it was concluded that no further actions were necessary. To report misconduct within the organization, Sunfab provides a whistleblower function. No whistleblower reports were submitted in 2024.

We firmly believe that a workplace characterized by diversity provides a stronger foundation for creativity and innovation. Sunfab offers equal employment opportunities regardless of gender, religion, age, disability, sexual orientation, nationality, social or ethnic origin, trade union affiliation, political opinion, or any other protected characteristic as defined by law.

Sunfab does not tolerate child labor in its own operations, among its subcontractors, or with any other business partners. Work that may be hazardous or harmful to a child's health, safety, or physical and mental development must not occur. Employees under the age of 18 – such as our interns – are protected from hazardous tasks. Sunfab also prohibits illegal or forced labor in all parts of its business and among its partners.

Code of Conduct

Sunfab has a Code of Conduct that outlines how employees are expected to act within the company. It serves as an ethical compass. All employees at Sunfab are responsible for following this Code of Conduct, along with all policies and guidelines that govern our operations.

Our Core Values

An inclusive work environment based on the equal value of all individuals is fundamental to our company. Our core values are meant to guide our actions, with the key principles of respect, commitment, and professionalism.

We show RESPECT by:

- Listening and accepting each other's differences
- Leading by example
- Keeping our promises

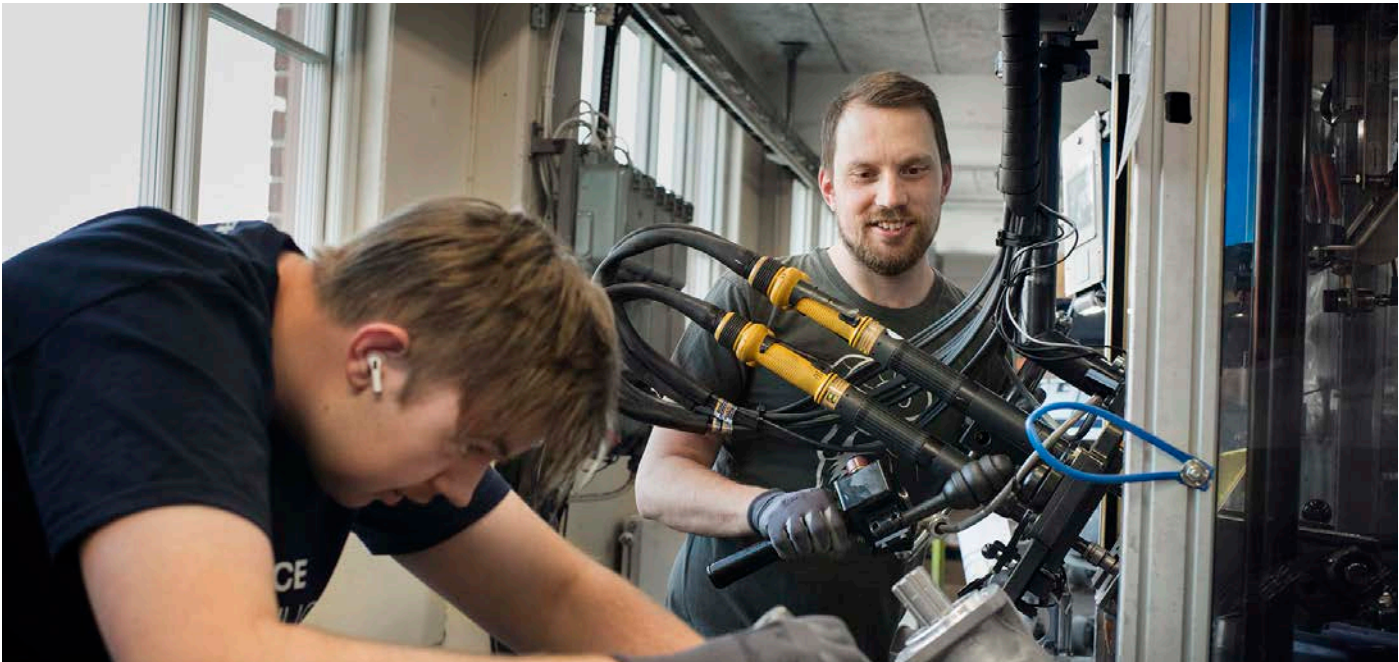
We create COMMITMENT by:

- Having the willingness to improve and grow
- Encouraging participation
- Cultivating a sense of joy in our work

We foster PROFESSIONALISM by:

- Showing attentiveness towards customers and colleagues
- Possessing the right expertise and delivering quality
- Being fact-based
- Taking responsibility

INNOVATION



Innovation has historically been a cornerstone of our company. We are convinced that innovation is key to creating long-term solutions that reduce our environmental impact and promote sustainable development.

We also recognize that innovation and sustainability go hand in hand and are integrated into our most essential sustainability aspects. For example, both electrification and circular economy demand a high degree of innovative thinking. Our employees are encouraged to think creatively and challenge existing methods, whether in product development, more efficient processes, or new business models.

Innovation is also a prerequisite for ensuring economic sustainability. By continuously developing offerings that meet the needs of the future, we not only create solutions with lower environmental impact but also new business opportunities. In this way, we strengthen our competitiveness while contributing to a more sustainable industry.

Participation in Research Projects

Through collaboration with academic institutions and industry partners, we are able to explore new ideas and technologies that can advance our industry. To develop innovative solutions for a more sustainable transport sector, Sunfab is participating in the research project STEALT III. This three-year project aims to explore the potential for electrification of heavy vehicles.

In 2025, we will join a research project led by the German organization VDMA – an association for Germany’s mechanical engineering industry – and the Technical University of Dresden. The project aims to enhance the maximum rotational speed of hydraulic pumps to optimize their performance for electrically driven systems.

ESSENTIAL TOPIC: INNOVATION	
Opportunity	Reduced environmental impact and promotion of sustainable development.
Desired position	Innovation and creative thinking should be a natural part of the development of our operations.
Mitigation	Through collaboration with academic institutions and industry partners, we can explore new ideas and technologies that can drive the industry forward.

CIRCULARITY



A circular economy is a business model for more sustainable production and consumption. It involves sharing, leasing, reusing, repairing, and recycling existing materials and products for as long as possible. The aim is to generate additional value from originally extracted raw materials and to extend the life-cycle of products. A key goal is also to minimize the generation of waste.

Our high-quality products are chosen by customers who value sustainability and recognize the benefits of investing in long-lasting solutions. By offering high-performance and reliable products, we support waste reduction and enable more efficient use of raw materials.

Purchased goods and services — particularly raw materials— represent a significant part of Sunfab’s environmental impact in terms of carbon emissions. A major part of our circular business efforts is to use raw materials of recycled origin. In 2024, 91% of our raw materials originated from recycled sources.

Other circular flows within Sunfab’s operations include:

- Our waste becomes a resource for others, and only 0,5% was disposed to landfill. Learn more about our waste management on pages 20-21.
- By providing spare parts for our products, we extend their lifespans and enable repairs to be carried out locally by our customers.
- Our purchased goods are mainly delivered on pallets. These pallets are resold to an external part for reuse.

ESSENTIAL TOPIC: CIRCULARITY	
Risk	Limited access to raw materials, leading to increased costs and climate impact.
Desired position	We aim to seize opportunities to integrate circularity into our business model.
Mitigation	Continue identifying opportunities for circular solutions.

ELECTRIFICATION



The transition to fossil-free fuels involves not only passenger cars but also heavier work vehicles. The diesel engine in a work vehicle powers not only the vehicle itself but also the hydraulic system that controls actuators to perform various work operations. This can include angling a snowplow, powering the chains of a ditch mower, or enabling the power and movement of a crane. Hydraulics is a proven and robust technology for demanding environments and will remain a key solution. As electrification progresses, hydraulic systems must therefore be adapted and optimized for electric drive.

SAP Optimized

SAP Optimized is a series of lightweight piston pumps with fixed displacement for demanding mobile hydraulics. It is a variant of the standard SAP series, developed for electric motor operation thanks to the pump’s higher speed characteristics and lower noise level. It is a modern and compact pump that meets the market’s high demands for oil flow, pressure, efficiency, and compact installation dimensions.

ePTO

ePTO (electric Power Take-Off) is a system in which an electric motor drives a hydraulic pump, thereby transferring electrical energy into hydraulics. This replaces the traditional power take-off from a combustion engine and allows cranes and other add-on equipment to operate emission-free and energy-efficiently.

To develop electric drive solutions for Sunfab’s range of hydraulic pumps and motors, we have begun developing a modular ePTO system in collaboration with an external supplier.

ESSENTIAL TOPIC: ELECTRIFICATION	
Risk	Without adapting to electrification with the right solutions, Sunfab risks losing relevance.
Desired position	We understand our customers’ needs and we have identified an overarching pump concept for the next generation of hydraulic pumps.
Mitigation	We identify and plan development work to meet future market demands. We collaborate with other stakeholders and participate in research and innovation projects.

ENVIRONMENT



Sunfab holds a permit to operate industrial workshop activities, including metal processing and surface treatment. According to the permit conditions, the company is obliged to immediately notify the supervisory authority of any operational disruption or similar incident that could pose a risk to human health or the environment.

In 2024, one environmental incident occurred, but without any impact on human health or the environment. The annual environmental report was approved without remarks by the supervisory authority.

During 2024, the company's environmental review was updated, and one new significant environmental aspect was added. Three of the significant aspects are directly related to our own operations, where we can actively manage risks and implement internal improvements. Two aspects fall beyond our direct control (upstream and downstream in the value chain). For these, our focus is on building knowledge and understanding of our environmental impact and identifying potential areas for change.

Environmental Aspects

Own operations:

- Generation of hazardous waste
- General electricity consumption in operations
- Climate impact from commuting and business travel

Upstream/Downstream:

- Climate impact from goods transportation
- Use of virgin versus recycled raw materials

WASTE HANDLING



Sunfab takes significant responsibility for managing the production waste generated in the operations. Waste fractions are handled in an orderly manner to ensure ease of correct sorting. Waste disposal is managed by an external provider.

Most waste is generated when raw materials, primarily iron and steel, are processed into product components. The total waste volume remained at the same level as the previous year. However, the amount of metal waste increased due to the disposal of a larger volume of prototype materials during the first quarter.

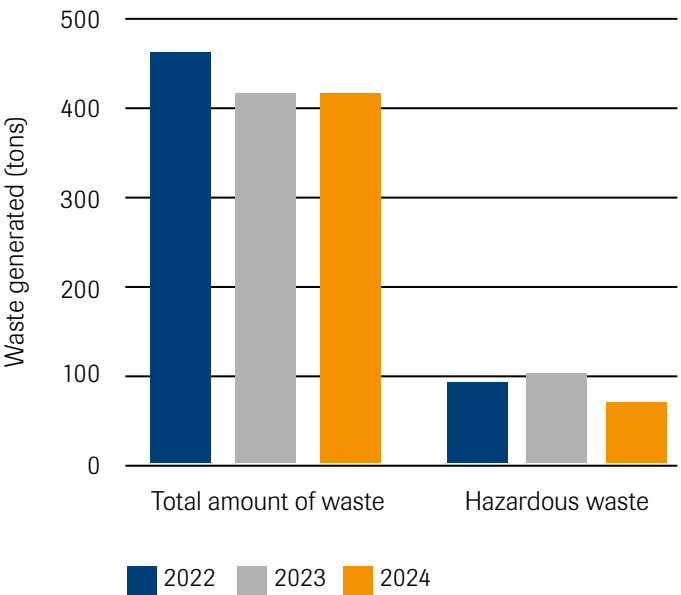
Hazardous waste

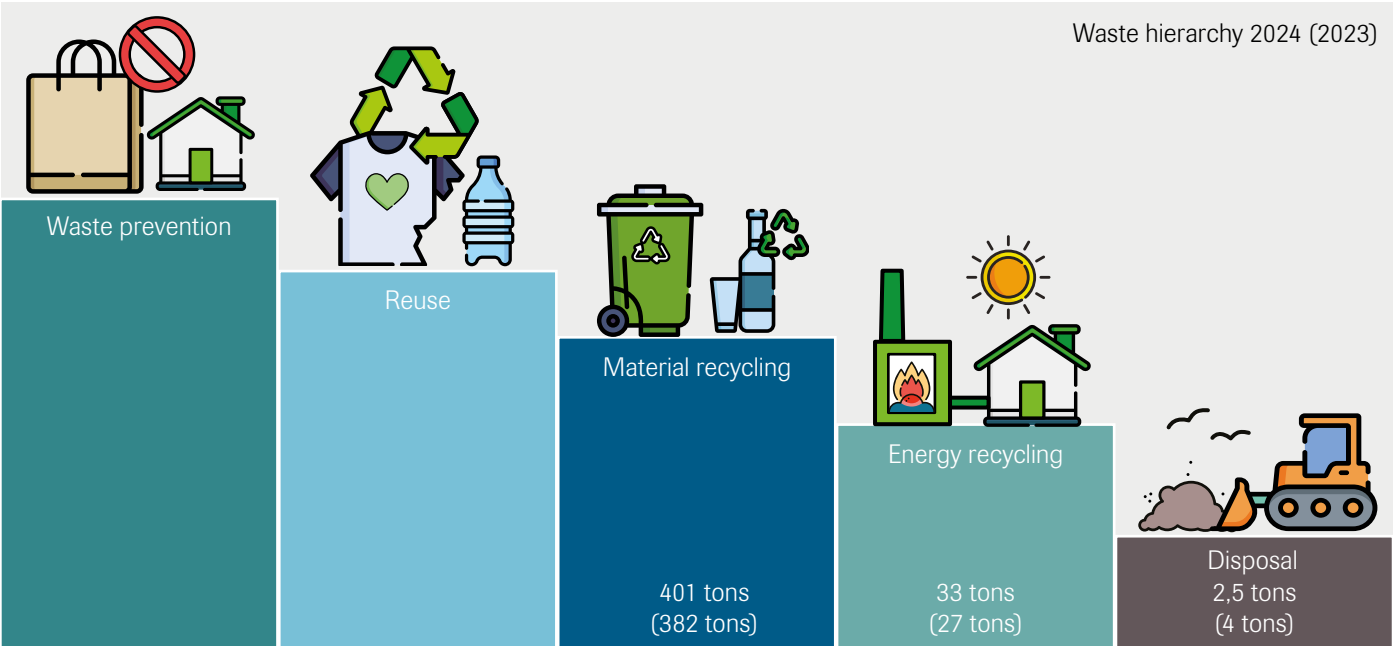
Cutting fluids are used in the manufacturing process to lubricate and cool machining equipment. These fluids are filtered and reused internally several times. Eventually, they become exhausted and must be disposed of as hazardous waste.

In 2022, a central filtration system was installed to extend the lifespan of the cutting fluids. During the year, increased focus was placed on the function of the filtration system. The system has shown an increased stability. As a result, hazardous waste volumes from used cutting fluids decreased by 30%.

An assessment of hazardous waste was also carried out during the year. It identified further opportunities to reduce waste volumes, and action plans have been developed accordingly.

Waste generated 2022–2024





Waste Hierarchy

The waste hierarchy is based on an EU directive that outlines how different waste management methods impact the climate. The traditional hierarchy consists of five levels:

- Waste prevention
- Reuse
- Material recycling
- Energy recycling
- Disposal

Sunfab strives to move waste fractions higher up in the hierarchy. Material recycling is used for metal fractions that are returned to the respective metal industries. Steel is reused in steel mills, aluminum waste is utilized in the production of items such as aircraft bodies and aluminum cans, and corrugated cardboard is recycled as raw material in the paper industry. Energy recovery takes place at the municipal recycling center or a nearby incineration facility.

In 2024, only 0.5% of Sunfab’s production waste was disposed to landfill.

ESSENTIAL TOPIC: WASTE	
Risk	Environmental impact from CO2-emissions in waste management and material use.
Desired position	Sunfab’s manufacturing processes should be resource-efficient with minimized waste. Waste management should be based on resource efficiency.
Mitigation	We continuously optimize our processes and manufacturing methods to minimize waste and improve raw material utilization. To fulfill our responsibilities regarding packaging, we are affiliated with NPA, the business sector’s producer responsibility organization.

GREENHOUSE GAS EMISSIONS



We assess our climate impact based on the international Greenhouse Gas Protocol (GHG Protocol), which categorizes emissions into three categories (scopes). The calculation methods and the emission factors remain consistent with previous years, although the emission factors have been updated to reflect the most current available values. Each year, we take steps toward greater accuracy in our assessments, which is why we have not yet established a base year for our emissions reporting.

We report a lower carbon footprint for 2024 compared to the previous year. The largest percentage reduction is seen in Scope 1 — company-owned vehicles. This is due to fewer kilometers driven and the replacement of diesel driven vehicles with more environmentally rated models with lower emissions.

We also see a decrease in Scope 3 — purchased goods and services. This improvement is due to more detailed supplier data regarding the origin of materials, showing a higher proportion of recycled content than last year, thereby reducing emissions.

Total GHG-emissions 2024 & 2023

	2024 - Tonnes CO2e	2023 - Tonnes CO2e
Scope 1	21	29
Scope 2	42	37
Scope 3	1368	1950
TOTAL	1715	2016

ESSENTIAL TOPIC: GHG-EMISSIONS	
Risk	Environmental impact in the form of greenhouse gas emissions from transport, material use, energy consumption, and the use of our products.
Opportunity	We can reduce greenhouse gas emissions and mitigate environmental impact by offering products designed for electric motor operation.
Desired position	We must be fully aware of our climate impact and our opportunities to reduce emissions.
Mitigation	We continuously optimize our processes to minimize waste and improve raw material utilization. To fulfill our responsibilities regarding packaging, we are affiliated with NPA, the business sector's producer responsibility organization.



GHG-emissions – Scope 1

Scope 1 covers the company's direct emissions, over which we have the greatest control. These stem from vehicles and facilities we own and operate. Emissions are calculated using the financial control approach, covering all operations under our financial control – including company cars, service vehicles, and benefit cars used by the parent company and subsidiaries.

Sunfab's fleet includes 14 benefit cars, two service vehicles, and one wheel loader. Of these, 65% are environmentally classified. During the year, three benefit cars were replaced with electric vehicles, shifting from fossil fuel to electric. Together with a 15% reduction in kilometers driven, Scope 1 emissions decreased by 28%. Emissions from service and company vehicles also declined due to reduced usage compared to the previous year.

GHG-emissions – Scope 2

Scope 2 includes indirect emissions from purchased energy like electricity and heating, calculated using the market-based method, which means they are based on the specific emission factors associated with the energy sources we have actively chosen through our energy contracts. This reflects the specific emissions linked to the energy sources selected via our contracts. The scope covers our Hudiksvall headquarter and office and warehouse facilities in the U.S. and Germany.

Both Hudiksvall and the German subsidiary use 100% renewable electricity, while electricity in the U.S. is not fully renewable and is calculated using the residual mix.

In 2024, district heating was used to a higher degree due to reliability issues in the geothermal heating system, which is intended as the primary source, with district heating as a cold-season supplement. An upgrade of the geothermal system is planned for 2025 to restore its primary role.

The emission factor for our local district heating has increased due to a greater share of fossil fuels, contributing to higher Scope 2 emissions.

SCOPE 1 - Tonnes CO2e	2024	2023
company-owned vehicles	21	29

SCOPE 2 - Tonnes CO2e	2024	2023
ELECTRICITY	19	21
- Hudiksvall	17	18
- USA	2	2
- Germany	0,04	0,05
HEAT	23	16
- District heating Hudiksvall	11	7
- Fossil gas USA	8	6
- Fossil gas Germany	4	3

GHG-emissions – Scope 3

Scope 3 includes all other indirect greenhouse gas emissions that occur in the value chain as a result of our operations, but which arise from sources not owned or controlled by us. Importantly, emissions reported in our Scope 3 often correspond to Scope 1 emissions for another organization. Only Scope 3 emissions of the parent company have been calculated. Emissions from subsidiaries are not yet included in the Scope 3 reporting.

SCOPE 3 - Tonnes CO ₂ e	2024	2023
PURCHASED GOODS AND SERVICES	1261	1539
Iron	34	92
Iron - recycled	393	416
Steel	130	563
Steel - recycled	601	395
Aluminium - recycled	50	50
Zink	15	-
Corrugated cardboard	12	7
Corrugated cardboard - recycled	25	16
UPSTREAM TRANSPORT AND DISTRIBUTION	199	186
Air	82	50
Truck	100	121
Sea	17	15
WASTE	3	8
Waste for material recycling/incineration	3	8
Waste for landfill	0,01	0,03
BUSINESS TRAVEL	117	114
Flights	109	106
Private car for work use	2	2
Rental car	2,5	2,5
Train, bus, boat	0,2	0,2
Hotel accommodations	3	3
EMPLOYEE COMMUTING	73	103
Parent company in Hudiksvall	73	103

Purchased Goods and Services

The category includes emissions from purchased goods and services representing approximately 90% of total purchasing value (SEK). Contract manufacturing services have been excluded as they do not involve material purchases. The total volume of purchased materials is slightly reduced, approximately 5%, compared to 2023. This year, zinc has been included in the emissions calculations for the first time, as emission factors have now become available to us. Despite the inclusion of zinc, total emissions are approximately 19% lower than the previous year. This reduction is due to more detailed information about the origin of materials, provided by our suppliers.

Upstream Transportation and Distribution

This category covers emissions from inbound and outbound transport that is procured directly by Sunfab, including deliveries to customers and external warehouses.

Emissions from air freight increased by 64% compared to the previous year, primarily due to several high-weight shipments to customers in Asia. Air freight is only used when rapid delivery is essential, as it is both costly and carbon-intensive. In general, is avoided whenever possible.

Transport Mode	Tonnes CO ₂ e	Freight Volume (tonnes)	Distribution by Transport Mode, %
Truck	100	2073	88
Sea	17	95	2
Air freight	82	15	10

Waste

This category includes waste generated at our production facility in Hudiksvall, managed by an external waste management provider. For recycled and incinerated waste, only transport-related emissions are included, in accordance with the GHG Protocol standard. While the total amount of waste increased compared to the previous year, the emission factors used for waste management have been adjusted downward, resulting in lower overall emissions. For more detailed information on waste volumes, see pages 20–21.

Business Travel

Sunfab's policy for business travel emphasizes sustainability with regard to the environment, health, and cost efficiency. Since travel patterns are assessed to be largely unchanged from the previous year, emissions have been estimated based on travel costs rather than detailed travel data for each individual trip. This method allows us to approximate the climate impact of business travel with reasonable accuracy.

Employee Commuting

In 2024, a new employee commuting survey was conducted to map travel to and from work. All modes of transport are represented, though the majority of commuting is still carried out using fossil-fueled vehicles.

Compared to 2022 (the year of the previous survey), the total commuting distance decreased by 16%, and emissions were reduced by 29%. This can be attributed to a 6% reduction in the number of employees, along with an increased share of electric vehicles among employees.

SOCIAL

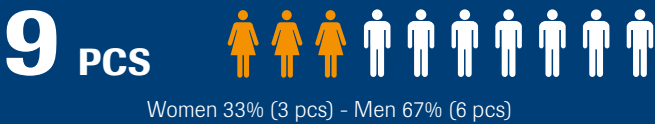
No. of employees in the parent company (average)



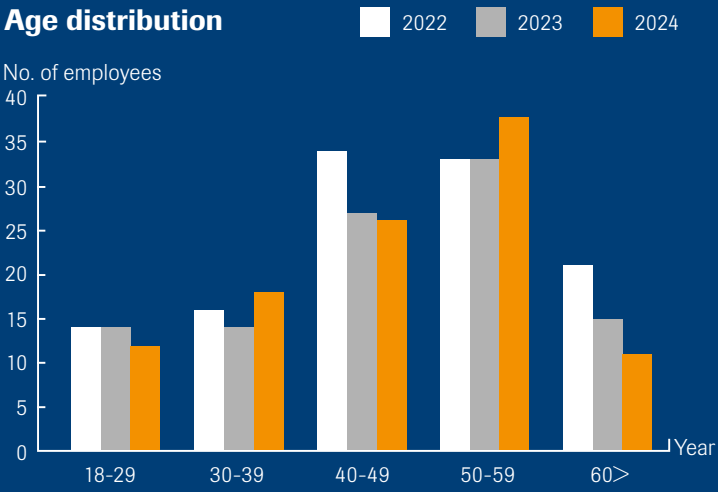
Board of directors



Management team



Age distribution



UNION ACTIVITIES

Sunfab maintains collective bargaining agreements that secure fair working conditions and a strong foundation of security for all employees. We are committed to upholding the principle of freedom of association, which ensures that every employee has the right to join, refrain from joining, or establish a union or similar organization. Employees are also free to engage in both individual and collective negotiations.

In the case of significant organizational changes, Sunfab adheres to the Swedish Co-Determination Act (MBL), which provides employee representatives with the right to participate in key decision-making processes. The company is legally required to consult with trade unions when major structural changes are planned or when individual employees may be affected. Unions are notified in advance and given the opportunity to analyze potential consequences and present their views before any final decisions are made.



PARENTAL LEAVE

At Sunfab Hydraulics AB, we support our employees' right to parental leave in line with the Swedish Parental Leave Act and our collective agreements. The law enables parents to balance work and family life through flexible leave arrangements – whether as continuous periods, individual days, or partial days.

Parental benefits are provided by the Swedish government for up to 480 days per child. In addition, employees with permanent contracts receive supplementary parental pay according to Sunfab's internal policies, offering extra financial security.

In 2024, 19 employees – 4 women and 15 men – used parental leave. Leave durations ranged from a few hours to longer continuous periods. We see parental leave as an important part of our sustainability work, contributing to well-being and a healthy work-life balance.

HEALTH, SAFETY AND WELL-BEING



Work Environment, Health and Safety

At Sunfab, we strive to offer a safe, healthy, and engaging work environment – both physically and psychologically. A strong workplace culture relies on committed leaders working in partnership with employees to support well-being and drive company development. In 2024, we took an important step by certifying our management system according to ISO 45001, the international standard for occupational health and safety.

Our work is guided by a systematic approach to identify and manage risks. In 2024, all work areas underwent risk assessments. Eight initially classified as high-risk were successfully mitigated and reclassified. Overall, the number of identified risks decreased. The Health and Safety Committee and the management team continuously monitor the performance to ensure compliance with laws and internal standards.

Employees are responsible for contributing to a safe workplace by following procedures, using protective equipment, and reporting risks or incidents. All such events are logged in the IA system, an industry-wide platform developed by Afa Insurance. To strengthen our proactive safety culture, we emphasized the reporting of safety observations throughout the year. 29 events were reported – double the number from the previous year. Of eight recorded accidents, only two resulted in short-term absence.

Employee development

We believe that continuous dialogue is a key to development. All employees participate in annual performance reviews, which support individual growth and organizational progress. In 2024, 100% of planned reviews were conducted.

Employee surveys are carried out approximately every three years to evaluate areas such as leadership, engagement, work environment, and skills development. The latest survey, conducted in 2022, resulted in a Satisfaction Index score of 60, compared to a benchmark of 67. Feedback sessions were held, and improvement initiatives were developed in collaboration with union representatives.

Key focus areas moving forward include job satisfaction, employee involvement, and leadership development. A new employee survey is scheduled for 2025.



Occupational healthcare and wellness

To support our employees’ health and recovery, Sunfab collaborates with an external occupational health provider. Every two years, we offer voluntary health screenings in partnership with this provider to help identify and prevent potential health issues at an early stage. In 2024, 33 employees participated in the health check-up – 28 men and 5 women. Of those, 64% reported “good health” and 6% “very good health”. Perceived health – beyond physical symptoms – includes mental well-being and overall life quality and is a key factor in long-term wellness.

All employees are offered one paid wellness hour per week during working hours. Each employee is free to schedule this hour at their own discretion, based on their individual work schedule and circumstances. Our headquarters is equipped with a functional gym and sauna, where employees also can influence future equipment and layout. The office is also located near scenic walking trails and running paths.

A wellness committee actively promotes employee engagement in sports events and other well-being initiatives. Additionally, a professional massage therapist regularly visits the workplace, offering preventive and therapeutic treatments during working hours.

ESSENTIAL TOPIC: HEALTH, SAFETY, WELL-BEING	
Health and Safety	
Risk	Operating within a manufacturing industry involves exposure to both physical and psychosocial risks.
Opportunity	ISO 45001 Certification – Occupational Health and Safety
Desired position	We aim to be an attractive and safe workplace where employees thrive and grow.
Mitigation	We identify and address workplace risks and continuously improve our work environment. Health matters are managed with our occupational health provider. ISO 45001 certification strengthens our safety management.
Equality and Non-Discrimination	
Risk	Operating within a manufacturing industry involves exposure to both physical and psychosocial risks.
Opportunity	ISO 45001 Certification – Occupational Health and Safety
Desired position	We aim to be an attractive and safe workplace where employees thrive and grow.
Mitigation	We strive for a gender-equal workplace. In recruitment, we view it positively if a new hire contributes to balancing the gender distribution across the company or within specific teams.

PROFESSIONAL GROWTH



Professional Growth

Professional Growth is a key to strengthening our competitiveness and attracting, developing, and retaining employees. Our focus is on enhancing skills within current roles as well as preparing employees for new tasks. Daily learning takes place through close collaboration between managers and employees or among colleagues, including learning new technologies, participating in projects, or taking on mentoring roles.

In 2024, employees enhanced their skills through training in areas such as CAD, environmental legislation, and IT security. Internal auditors received training on the management systems ISO 9001, ISO 14001, and ISO 45001 audits. We also provide ongoing training for managers and safety representatives in systematic work environment management (SAM) and improved work environment (BAM).

Participation in industry-related networks is also an important part of skills development, and we actively engage in several relevant networks aligned with our business.

ESSENTIAL TOPIC: PROFESSIONAL GROWTH

Risk	Risk of losing existing expertise if employees are not given opportunities for skills development.
Desired position	Our employees must have the right skills and develop in line with the company's growth.
Mitigation	Skills development is a central part of employee performance reviews.

SOCIAL COMMITMENT



Sunfab's Social Commitment

Sunfab strives to contribute to a society where people from diverse backgrounds and life situations can collaborate, work, and live a good life. We do this both directly through our operations and by supporting valuable initiatives, such as sponsorships and other partnerships.

Sponsorship

We support associations and organizations through traditional sponsorships to help foster and develop positive initiatives. Among the organizations we support are the Women's Shelter in Hudiksvall and several sports clubs, with a special focus on activities for children and youth. One example is our collaboration with HUFF (Hudiksvalls FF) that enables around 200–250 children to participate in free of charge summer football training. During the winter, approximately 150 children aged 10–14 also get the opportunity to train indoors as part of this partnership.

Each year around Christmas, Sunfab donates money to charity. Employees are invited to suggest which organization should receive the holiday gift. In 2024, the contribution was given to the Swedish Childhood Cancer Fund.

Participation in Networks

To support local business development, Sunfab participates in various networks. We are active in forums such as the sustainability network, the procurement network, and the employer group of technology companies. These networks allow small and medium-sized businesses to share experiences and strengthen the regional business culture.

Education and Learning

Sunfab considers promoting education and learning in the region strategically important. This supports both our own competence needs and provides opportunities for education and development in the community. One example is our collaboration with the Technical College at the local upper secondary school, which is certified as a "Teknikcollege." This certification ensures that companies have helped quality-assure the curriculum to match future skill needs.

We also cooperate with universities and colleges to discuss development issues within hydraulics. Through these collaborations with universities, secondary schools, and primary schools, we offer internships and summer jobs.

GOVERNANCE

Sunfab's board of directors, consisting of owners, union representatives, and external members, holds the overall responsibility for the company. The CEO leads the operations together with the management team and develops a three-year strategic plan. The plan is approved by the board. The Sustainability Manager is responsible for driving and developing sustainability efforts, supported by a sustainability coordinator. All employees contribute to the company's sustainability goals. The sustainability report is prepared by the sustainability team, reviewed by the management team, and approved by the CEO. Our governing documents are stored in a shared system and updated regularly. In 2024, the occupational health and safety policy was revised.

MANAGEMENT

Document	Responsible
Sunfab Code of Conduct	HR Manager
Policy on irregularities and bribery	HR Manager
Supplier Code of Conduct	Manager Logistics & Purchase
Procurement Policy	Manager Logistics & Purchase
IT Policy	CFO
Credit Policy	CFO

ENVIRONMENT

Document	Responsible
Quality and Environment Policy	Manager Quality, Environment and Operational Development
Waste Plan	Manager Quality, Environment and Operational Development
Chemicals Plan	Manager Quality, Environment and Operational Development
Guidelines for company cars	HR Manager
Routine for Business Travel	Sales and Marketing Director

SOCIAL

Document	Responsible
Drug Policy	HR Manager
Personnel Policy	HR Manager
Work Environment Policy	CEO
Equal Opportunities Plan	CEO

KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) for the coming year are defined during the management team's annual strategic planning. The KPIs are regularly monitored – either monthly or quarterly – and continuously reported to owners and employees.

MANAGEMENT

KPI	What	Outcome 2023	Outcome 2024	Comment on outcome 2024
> 4%	Profit margin	3,5	5,4	Low costs have improved the result, while revenue has decreased due to lower deliveries.
> 45%	Equity ratio	69	72	Healthy and stable equity ratio.
> 3%	Revenue growth	4,6	3,7	Consistently strong and stable growth in sales volume and revenue over the past 10 years.
< 92%	Supplier delivery precision	92	94	Regular follow-ups with current suppliers.

Key performance indicators for innovation and electrification are internally monitored.

ENVIRONMENT

KPI	What	Outcome 2023	Outcome 2024	Comment on outcome 2024
CO2 per tonnes of freight	Measured CO2 emissions from inbound shipments only	33	33	No significant changes in transport methods.
25 tonnes per quarter	Hazardous waste	25	17	Improved performance of the central filtration system for cutting fluids.
10 kg per unit	Total waste	11	12	Approximately 80 tonnes of prototype materials were phased out.

SOCIAL

KPI	What	Outcome 2023	Outcome 2024	Comment on outcome 2024
100%	Employee performance review once a year	106	102	Employee performance reviews have been planned well in advance.
< 4%	Sick leave	4,3	3,5	Sick leave is reported to the immediate manager by phone, which has fostered good dialogue.
0 PCS	Number of recorded accidents	4	8	Two accidents resulted in short-term sick leave.

ABOUT THE SUSTAINABILITY REPORT

The annual sustainability report for Sunfab Hydraulics AB (556056-9765) covers the financial year 2024-01-01 to 2024-12-31. This is a standalone sustainability report that encompasses the parent company, Sunfab Hydraulics AB, and, where specified, its subsidiaries.

Sunfab reports in accordance with the Swedish Annual Accounts Act for sustainability reporting and applies the guidelines for sustainability reporting from the Global Reporting Initiative (GRI), as well as the materiality principle.

During 2024, there have been no significant changes regarding Sunfab's corporate structure or supply chain. Nor have there been any restatements of information or significant changes compared to previous reporting periods in the list of material topics. We strive to present our sustainability work in a comprehensive, balanced, and comparable manner.

The entire Sunfab management team has participated in the preparation of this sustainability report, and the board of directors has been informed upon its completion. The report has not been reviewed by an external party.

The full sustainability report is available on Sunfab's website, www.sunfab.com, and is published in both Swedish and English.



Lina Wiberg Sustainability Manager
Anna Sundin Sustainability Coordinator

For more information about our sustainability work, please feel free to contact us.

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GRI STANDARD	DISCLOSURE	PAGES/NOTES
GRI 2: General Disclosures 2021	2-1 Organizational details	4-5
	2-2 Entities included in the organization's sustainability reporting	32
	2-3 Reporting period, frequency and contact point	32
	2-4 Restatements of information	32
	2-5 External assurance	32
	2-6 Activities, value chain and other business relationships	6-9, 12
	2-7 Employees	25
	2-12 The board's role in monitoring and governance	30
	2-13 Delegation of responsibility for managing impacts	30
	2-14 Role of the highest governance body in sustainability reporting	30
	2-22 Statement on sustainable development strategy	3
	2-23 Policy commitments	30
	2-24 Embedding policy commitments	30
	2-26 Mechanisms for seeking advice and raising concerns	11, 30
	2-27 Compliance with laws and regulations	14
	2-28 Membership associations Central Swedish Chamber of Commerce, Företagsutbildarna, Confederation of Swedish Enterprise, The Swedish Federation of Business Owners, Destination Hälsingland, The Swedish Society of Mechanical Engineers, Swedish Fluid Motion Association, Hudiksvalls Hydraulics Cluster, The German-Swedish Chamber of Commerce, Silf Competence, The Swedish Confederation of Small Businesses	
	2-29 Approach to stakeholder engagement	12-30
	2-30 Collective bargaining agreements	25
GRI 3: Material Topics 2021	3-1 Process to determine material topics	12-13
	3-2 List of material topics	13
	3-3 Management of material topics	14-28
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	5, 31
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	8-9, 11, 14
	205-3 Confirmed incidents of corruption and actions taken	8, 9

GRI STANDARD	DISCLOSURE		PAGES/NOTES
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Metal: 730 tonnes Corrugated cardboard: 33 tonnes
	301-2	Recycled input materials used	Metal: 667 tonnes Corrugated cardboard: 23 tonnes
GRI 302: Energy 2016	302-1	Energy consumption within the organization	2,9 GWh
	302-2	Energy consumption outside of the organization	72 MWh
	302-3	Energy intensity	80 kWh/sold unit
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	23
	305-2	Energy indirect (Scope 2) GHG emissions	23
	305-3	Other indirect (Scope 3) GHG emissions	24
	305-5	Reduction of GHG emissions	22-24
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	20-21, 24
	306-2	Management of significant waste-related impacts	20-21
	306-3	Waste generated	20-21
	306-4	Waste diverted from disposal	21
	306-5	Waste directed to disposal	21
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	9
	308-2	Negative environmental impacts in the supply chain and actions taken	8-9
GRI 401: Employment 2016	401-3	Parental leave	25
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	10, 26
	403-2	Hazard identification, risk assessment, and incident investigation	26, 31
	403-3	Occupational health services	27
	403-4	Worker participation, consultation, and communication on occupational health and safety	26
	403-5	Worker training on occupational health and safety	28
	403-6	Promotion of worker health	26-27
	403-7	Prevention and mitigation of occupational health and safety	26-27

GRI STANDARD	DISCLOSURE	PAGES/NOTES
	403-8 Workers covered by an occupational health and safety management system	26
	403-9 Work-related injuries	31
	403-10 Work-related ill health	31
GRI 404: Training and education 2018	404-2 Programs for upgrading employee skills and transition assistance programs	26, 28
	404-3 Percentage of employees receiving regular performance and career development reviews	31
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	15
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	8, 25
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	15
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	15
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	9
	414-2 Negative social impacts in the supply chain and actions taken	No cases in 2024

